



SOCIO-ECONOMIC IMPACT OF CORONA VIRUS ON INDIAN ECONOMY

Udit Maheshwari

(M.A.) Dr. Bhimrao Ambedkar University, Agra, India.

ABSTRACT

Corona virus disease is an infectious disease briskly spreading all over the world, causing lacks of death worldwide by directly attacking the respiratory and immune system of the peoples.. Many studies are suggesting that this virus can cause severe long term damage to brain, lungs and heart. This worldwide pandemic is impacting the Indian economy negatively causing many adverse socio-economic effects to Indian economy and large economic downfall like unemployment, falling Gross domestic product (GDP), weakening of economic chain of business activities and crashing up of small scale businesses and hampering the international trade, All these factors pushing the Indian economy towards recession.

In this paper we will have a dynamic view of socio-economic impacts of corona virus on Indian economy.

KEYWORDS: Corona Virus, Indian economy, Recession, GDP, International Trade, Economic Downfall, Business Activities.

INTRODUCTION:

Corona virus disease (COVID-19) is a kind of viral disease caused by the novel corona virus. This virus is affecting different peoples differently, grave symptoms relating to this virus is breathing problem, pain in chest, Sudden body movements and speech loss. Mostly infected patients will notice mild or moderate respiratory problem and can be recovered without any special medical treatment, older persons and persons with medical history (diabetes, cancer and respiratory problems) are at high risk from this virus, claimed by World health organization (WHO).

According to UNDP, the corona virus disease (COVID-19) is more than a disease causing a serious economic downfall of Indian economy and hampering the economic growth and the economic development. There is great diversity in its impacts on the economy, it is impacting the health of millions of people and causing lacks of death till now while its economic impacts not limited to just unemployment, poverty and increasing inequalities but it also suppressing the economic forces like demand and supply leading to economic downfall then towards recession. This pandemic will create hurdles in achieving the sustainable development goals that means it also causing a threat to the environment. This virus contributing greatly in rapidly rising unemployment and helping in raising the inequalities among the peoples because of job losses.

GOVERNMENT INITIATIVES TO FIGHT COVID-19:

- 1) Lockdown-** The government of India is following lockdown since month of march when it had very few cases of corona virus, this government initiative have helped the Indian people very much since its very first lockdown. It is not a remedy to fight COVID-19 but it will help India in postponing the dire consequence of the virus, through this medical experts get time to develop the effective vaccine for the novel corona virus but this is also impacting the economy negatively by impeding the economic cycle of the Indian economy. All the economic activities during this lockdown is collapsed but most of the companies, school and colleges are opting online mode as an alternative to the offline mode, so still the economic cycle is not completely collapsed. Most banks are also cooperating with the government by eliminating charges from the online transactions.
- 2) Rs 20 lakh crore economic relief package-** The prime minister of India announced economic covid-19 relief package to fight against the negative effect of corona virus on the Indian economy, this package is roughly about 10% of the GDP of India and also among largest one package among all the countries in the world. This economic package will work as an incentive to lift cycle the economic activities in the Indian economy also will provide a push to the market force that is demand and supply and will also help the economy to become strong to fight the negative consequences caused by the virus. This relief package will be used for the public to uplift them from the conditions of recessions.
- 3) Slowly unlock the lockdown-** The government of India is slowly opening the lockdown not instantly this step of the Indian government is also praiseworthy as the risk of corona virus of community transmission will be lower as compared to the instant unlocking will create hazardous situation against the Indian economy. Mostly people are utilizing lockdown by doing work from home, essential activities are given more autonomy slowly according

to their current situation of the particular area and as per need of the people

- 4) MGNREGA (Mahatma Gandhi national rural employment guarantee act)-** The government is using the old MAGNREGA policy to provide the employment to the unemployed people who lost their job during this pandemic, this policy is proving very effective as a mechanism in generating employment among the poor peoples. This policy is more effective when used as an effective employment generating mechanism for the migrant workers returning to their own areas.
- 5) Liberal banking sector policies-** Reserve bank of India (RBI) have taken steps to fight the recession prevailing in the Indian economy with its tools of monetary policies like Cash reserve ratio (CRR) and statutory liquidity ratio (SLR), the RBI have reduced the rates of CRR to 3% and SLR to 18%. This step will inject more money supply in the circular flow of income of the Indian economy which will directly push up the demand and supply forces of the economy and will help the economy to recover from the grave symptoms of the corona virus.

NEGATIVE IMPACTS OF CORONA VIRUS:

- Potential loss of GDP-** Because of the corona virus pandemic there is serious loss to GDP as the economic cycle of the Indian economy is disturbed badly like the production, consumption and distribution is completely disturbed. The country is foregoing the potential growth of GDP as well as this can cause negative growth in overall GDP.
- Trouble for international trade-** The international trade is mostly collapsed because of this pandemic, the Indian international trade have faced major drawback as it is not possible to do exports and imports because of the lockdown conditions as the companies have stopped production so there is no possibility of export and import too, the case of essential items is different because we cannot postpone it for future as happened in case of hydroxyl chloroquine.
- Surge in unemployment-** The unemployment rate is rising as the companies are laying off their staff for the cost cutting, many daily wage earners are unemployed because of this lockdown, many small business have collapsed because of this constrained in economic activities.
- Long run serious health effects-** Studies is suggesting that this virus will cause many severe damage to the body in long terms which will also affect the health of large no of peoples.
- Danger of dumping-** As the world economic chain have stopped completely so after when this virus ends companies will adopt dumping to earn the profit to recover their loss and cause a great threat to the Indian domestic industries.
- Problems to education sector-** The education sector affected badly by this corona virus, many education institutions are adopting online modes of teaching but still they are far from the complete effectiveness.
- Limited source of employment to limited people-** As the lockdown is still prevailing but the government is giving many relaxations in the lockdown

but still limited relaxations are given to the people which leads to limited employment.

- **Miserable condition of daily wage earners-** Nobody is uninformed about the miserable conditions of labour class or daily wage earners, they are the worst affected part of population in the Indian economy.

POSITIVE EFFECTS OF CORONA VIRUS:

- **Incentive to E-commerce business-** This lockdown has created a positive impact on the e-commerce websites as peoples are not allowed to go outside so most of the people is using the online shopping sites as an alternative towards offline markets and other online businesses are also gaining momentum.
- **Lockdown is treat to environment-** This lockdown has created a positive impact on the environment as peoples are not going outside of their home and using less vehicles leading towards lower pollution level.
- **Use of online methods of teaching-** Most of the school, colleges and universities are adopting the online methods of teachings which not considered as source of teaching before.
- **Increase in number of online transactions-** Most people are using online transactions as it also help in maintaining social distancing and causing a upward push to the indian banking sector.
- **Lowering of oil imports causing improvements in balance of payments(BOP)-** The oil imports causes the diversion of major portion of the balance of payment account towards the importing of the oil as lockdown is prevailing in the country so this will be beneficial for Indian economy as that portion of money is saved.

SUGGESTIONS:

- There should be more focus on rural employment generation by establishing more industries in rural areas as this initiative will solve the problem of migrant workers of not migrating for work (interstate migration).
- There should be proper implementation awareness programs to aware the peoples for cause and effects on health of disease (COVID-19).
- There should be policies to cure inter-state migration as that demographic dividend should be used in that particular Indian state because this migration cause additional burden on resources of that particular state.
- Testing capacity should be increased by including more private hospitals or by providing special training to medical peoples.
- A special phone/mobile number should be issued for expert advice for start-ups so that people can seek help from experts, this will make the whole business process lucid for the new entrepreneurs.
- Online teaching methods should be made more lucid, as this will increase its efficiency.
- Proper guide lines should be issued before implementing any program for each and every type of business, as this will make a lucid way from lockdown to unlock the Indian economy.
- There should be a half or full year free course prepared by experts for "HOW TO START A STARTUP". This will contribute towards economic improvement of the Indian economy.
- Every bank should deploy a group of expert employees for giving advises to the borrowers for effective and efficient use of the borrowed money, this will ultimately lead reduction in non-performing assets (NPA).

CONCLUSION:

Corona virus has created a great danger towards the Indian economy with its both positive as well as negative impacts, while negative impacts are dominating the positive impacts. This research have found that spread of corona virus can be prevented though use of simple steps like social distancing, use of online transactions.

This lockdown is also contributing positively towards the Indian economy as companies are adopting work from home and schools and colleges are using the online methods of teaching which is a great step towards the digital era. Peoples are using online transactions, this is giving the positive signs to banking growth. GDP growth is falling but it can be tackled with use online services. Government is working with full potential to fight with corona virus by injecting Rs 20 lack crore in the economy, this will enhance the growth rate of GDP. Lockdown is proving effective as it postponed the threat, and government is getting time for further actions.

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